

**Statement of
Tom Isom
Before the
House Agriculture Committee,
Subcommittee on General Farm Commodities and Risk Management
Casa Grande, Arizona
May 1, 2006**

Mr. Chairman and members of the sub-committee, welcome to Arizona.

My name is Tom Isom. I am a second generation cotton farmer in the Casa Grande Valley. My family and I will plant 1,200 acres of cotton this year. We also produce watermelons, barley, wheat, and milo. I am currently serving as President of the Arizona Cotton Growers Association, which represents nearly 95% of Arizona's cotton producers, and I am a member of the National Cotton Council.

According to our records, this is the first time that either Agriculture Committee has visited Arizona to hear testimony on a farm policy. We appreciate this opportunity to present our views on current and future farm policy. We also want to thank Congressman Rick Renzi for his work in organizing today's hearing and for his support for farmers and ranchers.

Mr. Chairman, Arizona has a rich and diverse agricultural economy. Our state produces a wide variety of crops and we have a robust livestock industry. Agriculture makes a significant contribution to Arizona's economy. Cotton has been a major cash crop in Arizona since statehood in 1912.

Arizona's cotton industry is distinguished by a strong history of solving problems on our own initiative. Between 1984 and 1991 we successfully conducted a massive statewide effort to eliminate the boll weevil. We accomplished our objective on time and on budget! Arizona was the second state to be declared "weevil free," after North Carolina.

Now we are initiating a program to eradicate the pink bollworm, a destructive and persistent pest. The program will use a combination of sterile moths and genetically enhanced cotton, which is used on nearly 70% of Arizona's acreage. We are the first in the country to employ insect growth regulator (IGR) chemicals to control one of the most devastating pests ever encountered - the silver leaf whitefly, which destroys the value of a cotton crop by depositing sugars which make the fiber "sticky" and unspinnable. The careful use of IGRs literally saved our industry. Finally, we have spent over a million dollars to develop a method called AF36 to eliminate aflatoxin in our cotton seed. This is the first process to treat seed in the field. It is effective, inexpensive and adds value to our seed.

A large percentage of the costs of all these programs have been funded by Arizona growers. The Federal Government has provided critical cost share funds for the boll weevil and pink bollworm eradication projects, as well as funding to ARS for the aflatoxin program. If any of your colleagues ever express doubts about the use of funds for research and eradication, we urge them to visit Arizona to see the results. We are proud of our accomplishments because we are committed to producing a top quality product, while being good neighbors and stewards of the land.

Mr. Chairman, Arizona farmers manage complex operations in an environment of high land values, complex irrigation requirements, escalating energy and pest control costs, and stringent regulatory standards. Our producers need a consistent, predictable farm policy – particularly when prices are low.

The current farm bill has worked well for Arizona farmers, so we strongly support using current law as the basis for new farm legislation. We urge you to maintain a counter-cyclical program for times when prices are low; decoupled direct payments; and an effective marketing loan without limitations. We also support continuation of the cropping flexibility provisions in current law. This structure is sound and promotes financial stability in American agriculture.

It is especially important that payment limitations not be reduced further and that current eligibility requirements are maintained. We commend you and your colleagues for resisting the efforts to change the payment limitation provisions in current law. Current limits penalize efficient Arizona operations. Using conservative assumptions, industry economists concluded that if the provisions of Senator Grassley's amendment were implemented annual direct payments would be reduced by 62% and total benefits by 55%. The Payment Limit Commission reached the same conclusion in their report.

Arizona's farmers are more adversely impacted by current limitations than farmers in other regions. In order to achieve economics of scale in an area of high fixed costs, our operations are necessarily larger than those in the Midwest. It is also important to note that our operations require intensive year-round management and our income is virtually 100% from on-farm activities.

Mr. Chairman, if there is one message that I want to leave with you and the Committee, it is don't reduce payment limits any further.

Mr. Chairman, we understand there is discussion in Congress and in the country about whether to extend current law until the Doha round of trade negotiations are completed. We strongly support an extension to provide certainty and stability. Our operations require complex cropping decisions and significant capital, so stable policy is critical.

The cotton industry has been generally supportive of the Doha round, provided cotton is not singled out for unfair treatment and that meaningful increases in market access for our products can be achieved. Even though some of the proposals to significantly cut domestic programs being advanced in the Doha round cause us concern, we believe the process should have a chance to succeed. I understand you recently traveled to Geneva and we appreciate your willingness to devote time and resources to stay current on the status of the negotiations. As you know, we are not only concerned by the proposal to reduce all domestic supports; we are also deeply concerned that the U.S. cotton industry has been singled out for apparent disproportionate reductions. We urge you and your colleagues to insist on continuation of a single undertaking approach to the negotiations. Frankly, if the Doha round concludes with an agreement that includes disproportionate cuts in domestic support for cotton, we will not recommend that Congress approve implementing the legislation.

Mr. Chairman, I would be remiss if I did not tell you that a guest worker program must be part of any immigration reform legislation. A workable guest worker program is essential to Southwestern agriculture.

Crop insurance is also important to the future of our industry. We are particularly frustrated that the Risk Management Agency has been unsuccessful in responding to our need for affordable higher levels of crop insurance coverage. We need to insure levels of 90 or even 95% of our yields in order to have an effective risk management tool.

Finally, Mr. Chairman let me address the issue of funding for specialty crop programs. Many cotton growers produce specialty crops as part of their operations. We need a variety of cropping alternatives, but if funding for new specialty crop programs requires cutting funding for existing research and eradication programs, then we must ask you to consider adding funds to meet the needs of specialty crops.

Mr. Chairman, maintaining an effective farm policy is important to Arizona farmers. An effective safety net, available to all farmers without discrimination against size or organizational structure, is extremely important to our highly productive, capital-intensive operations.

Again, we thank you for coming to Arizona to hear our concerns and recommendations.

I will be happy to answer your questions at the appropriate time.